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C O N F I D E N T I A L SECTION 01 OF 02 KABUL 001977

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TAGS: [PREL](#) [ECON](#) [EAID](#) [ETRD](#) [EFIN](#) [MARR](#) [AF](#) [IN](#)
SUBJECT: PRESIDENT KARZAI'S VISIT TO INDIA

REF: A. DUSHANBE 00776
[1](#)B. DELHI 2603

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Classified By: AMBASSADOR RONALD NEUMANN BY REASON 1.4(A) AND (D)

[1](#)1. (SBU) SUMMARY: President Karzai had a productive visit to India earlier this month to discuss a variety of bilateral and regional issues. The visit of President Karzai and his 109 member delegation, including nine parliamentarians, religious leaders, and businessmen, reinforced the close relationship between India and Afghanistan and resulted in the signing of three bilateral cooperation agreements on rural development, education, and standards. Prime Minister Singh pledged an additional \$50 million under India's Assistance Program for Afghanistan, targeting infrastructure, human resource development, and humanitarian assistance. Afghan business leaders and their Indian counterpart business associations discussed further collaboration and mentorship. During the visit, there was no bilateral Defense Ministers meeting, and the issue of GOI equipment support for the ANA and ANP was not formally discussed. Karzai was careful not to do anything that would create problems with respect to Afghanistan's relations with Pakistan. End Summary.

[1](#)2. (U) PolCouns met with Indian DCM Sandeep Kumar on April 20th to get a readout on President Karzai's April visit to India. PolCouns later met with National Security Rassoul to find out more about the Afghan perspective on the visit.

INCREASED PLEDGES

[1](#)3. (U) In an increasing show of support for Afghanistan, India pledged an additional \$50 million dollars in assistance. Cooperation on infrastructure development, human resource development and humanitarian aid has already brought \$600 million dollars in assistance to Afghanistan.

EDUCATIONAL EXCHANGE EFFORTS

[1](#)4. (SBU) India continues to work on developing human capacity in Afghanistan through 500 long-term and 500 short-term scholarships at Indian universities. So far, the Afghan response has been overwhelming. Qualified applications well exceeded the number of spots available even after the initial screening test. DCM Sandeep Kumar expressed frustration over a (relatively small) fee assessed by the GOA to cover exam costs stating that the fee may have prevented more disadvantaged students from applying. The DCM

also related that many applicants continued to apply to the most selective universities in India despite repeated warnings that admission would be extremely difficult, even for the most qualified. Kumar noted that the GOI funds the program, but individual universities make their own admissions decisions. (Comment: Nonetheless, this generous program has the potential to contribute greatly to the skills development of Afghanistan,s youth and future leadership. End Comment.)

BUSINESS DEVELOPMENT INITIATIVES

¶5. (U) The Indian DCM said, now that democracy has taken root in Afghanistan, the focus of the Afghan-Indian relationship will shift towards expanded commercial ties and joint rural economic development initiatives. Afghan business delegates met with India,s three premier business federations: The Confederation of Indian Industries (CII); the Federation of Indian Chambers of Commerce and Industry (FICCI); and the Associated Chambers of Commerce and Industry of India (ACCII) to explore the potential for expanded business-to-business cooperation. To further business development, the Indian Prime Minister offered to consider extending a \$50 million line of credit through the GoI Export Import Bank to promote trade and development between the two countries. (Note: We understand that the GoI is considering trade credits with a grant element of 40%. Discussions are ongoing between the GoI and IMF to meet the Fund,s 60% grant element threshold. End Note) An Indian products show was also proposed later this year in Afghanistan.

¶6. (U) Karzai also visited several high-tech projects in Hyderabad. He expressed a strong desire

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to see technological development come to Afghanistan despite many roadblocks. Particularly noteworthy to Afghans were the substantial export earnings generated without significant natural resource endowments. In Hyderabad the delegation also visited the Indian National Remote Sensing Agency and a Rural Development Pilot Project.

¶7. (U) The Indian DCM also highlighted housing development as an area for collaboration. He said that Indian organizations and businesses are well-suited to provide low cost housing that the free-market would not naturally provide.

TRANSIT OF GOODS THROUGH PAKISTAN

¶8. (SBU) Transit of Indian goods through Pakistan continues to be a serious problem. Talks centered on the need for Afghanistan to continue to apply diplomatic pressure on the Pakistanis in order to expedite the transit of goods between India and Afghanistan. Alternatives such as shipping goods through Karachi's port were also discussed, but GoA officials called this an expensive route resulting in heavy demurrage and state transport charges.

RELIGIOUS COLLABORATION

¶9. (C) Karzai also went out of his way to include six well-known mullahs as part of his delegation. National Security Advisor Rassoul told PolCouns that this helps to broaden the perspectives of the Afghan clergy. The Afghan religious leaders met with their Indian counterparts to discuss how democracy and Islam coexist in India, which has the second largest Muslim population in the world.

NO ATTEMPT TO PLAY INDIA CARD AGAINST PAKISTAN

¶10. (C) During Karzai's visit, the Afghan President carefully avoided public statements that might worsen relations with Pakistan. Throughout the visit Karzai was careful to refer to the Pakistani President as "my brother Musharaf". According to NSA Rassoul (protect), although Afghan Defense Minister Wardak was a member of the delegation, his Indian counterpart's involvement with an election campaign precluded a bilateral meeting. Although Afghanistan is considering Indian equipment (or light weaponry) to fill some of its needs, the issue of GOI military assistance could not be raised. Rassoul emphasized that "anything" the GOA did in this area would be carefully coordinated with the USG. Rassoul also noted that the issue of terrorism was discussed. Here again, Karzai was careful not to ruffle Pakistan's feathers, commenting to the press that "We talk with our brothers in Pakistan regularly on all questions. Terrorism as it is affecting us and them and India as well as the rest of the region is something we talk about regularly and I am sure as we continue this dialogue and effort we will eventually find a more effective way in fighting this menace across the region."

COMMENT

¶11. (C) Karzai had planned to spend six days in India, including three days of vacation, but parliamentary confirmation of his cabinet drove him to cut the visit in half. If there was more to the security discussion of the trip (which we do not rule out) both the Indians and Afghans appear to be keeping it well below the surface.

NEUMANN